

SOUTH ANDERSON WATER DISTRICT

246 COURT STREET
LAWRENCEBURG, KY 40342
502-839-6919

July 13, 2004

RECEIVED
JUL 14 2004
PUBLIC SERVICE
COMMISSION

Commonwealth of Kentucky
Public Service Commission
Tariff Review Branch
P. O. Box 615
Frankfort, KY 40601

Case 2004-00284

RE: Purchase Water Adjustment

Dear Sirs:

Transmitted herewith is a request to adjust the District's rates to cover the recent rate increase imposed by our primary supplier the city of Lawrenceburg and having the Frankfort Plant Board as an additional supplier.

If there are any questions please contact either the District or our engineer, Ken Taylor with Kenvirons, Inc. at 502-695-4357.

Sincerely,



Bob Kincer
Chairman

Attachments

PURCHASED WATER ADJUSTMENT FOR
WATER DISTRICTS AND ASSOCIATIONS
(807 KAR 5:068)

South Anderson Water District

(Name of Utility)
7-13-04

(Date)
246 Court Street

(Address)
Lawrenceburg, KY 40342

(City, State)
502-839-6919

(Telephone Number)

RECEIVED
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- 1.a. Name of all wholesale suppliers and the base (current) rate and changed rate of each. In the event the water purchased is billed by the supplier on a rate that is not a flat rate schedule, the entire rate schedule must be shown. Attach additional sheets if necessary.

<u>Supplier(s)</u>	<u>Base Rate</u>	<u>Changed Rate</u>
City of Lawrenceburg	\$1.17/1,000 gal.	**
Frankfort Plant Board	*	\$1.418/1,000gal.

* The District has been buying water from the Frankfort Plant Board since October 2002 but did not adjust the rates.

** \$2.08/1,000 gallons for the first 8,000,000 gallons and \$1.94/1,000 gallons for all over 8,000,000 gallons each month.

- 1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit __1__.
2. Twelve-month period upon which the purchased water adjustment is based. (This twelve-month period must end within 90 days of this filing).

From _____ June 2003 _____ through _____ May 2004 _____
 (month and year) (month and year)

3. Statement of water purchases. Where water is purchased from more than one supplier, purchases from each supplier must be shown separately. If water is purchased through a declining block rate schedule, purchases for each month must be shown. Attach an additional sheet if necessary.

Supplier(s)	Gallons Purchased during 12 month period
City of Lawrenceburg	See Exhibit 2
Frankfort Plant Board	See Exhibit 2
TOTAL PURCHASES	160,004,700

4. Total sales for the 12 month period _____ 116,925,707 _____.

5. Increased water cost _____ \$126,774.68 _____.

The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.

6. Purchased water adjustment factor _____ 1.08 _____.

The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.

Note: The purchased water adjustment factor is added to each thousand gallons sold. If the minimum usage is 2,000 gallons then the purchased water adjustment factor would be added to the minimum bill twice. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.

7. Proposed effective date August 1, 2004.

Bob Kincer
(Signature of Utility Officer)

Chairman
(Title)

**WILKINGFORD ELECTRIC & WATER PLANT BOARD
CURRENT ELECTRIC & WATER RATES**

<p>ELECTRIC RATES R1 - RESIDENTIAL CUSTOMER CHARGE (RATE 10) \$ 2.59</p> <p>ENERGY CHARGE: 0 - 100 KWH .05430 101-400 KWH .05450 OVER 400 KWH .04610</p>	<p>AREA LIGHTING DIRECTIONAL FIXTURE ONLY, 250 WATT MH \$ 7.66 250 WATT, MH WITH 35' WOOD POLE \$ 9.35 250 WATT, MH WITH 35' METAL POLE \$11.82</p> <p>DIRECTIONAL FIXTURE ONLY, 400 WATT MH \$10.80 400 WATT, MH WITH 35' WOOD POLE \$12.49 400 WATT, MH WITH 35' METAL POLE \$14.66</p> <p>DIRECTIONAL FIXTURE ONLY, 400 WATT HPS \$10.80 400 WATT, HPS WITH 35' WOOD POLE \$12.49 400 WATT, HPS WITH 35' METAL POLE \$14.66</p> <p>DIRECTIONAL FIXTURE ONLY, 1,000 WATT \$22.17 1,000 WATT, MH WITH 35' WOOD POLE \$23.86 1,000 WATT, MH WITH 35' METAL POLE \$26.02 1,000 WATT, MH WITH 45' METAL POLE \$29.50</p>																					
<p>GS1 - GENERAL SERVICE CUSTOMER CHARGE (RATE 15) \$ 3.77</p> <p>ENERGY CHARGE: 0-500 KWH .06810 501-2000 KWH .05740 OVER 2000 KWH .05290</p> <p>MINIMUM BILL: EQUALS CUSTOMER CHARGE</p>	<p>M1-MUNICIPAL STREET LIGHTING (RATE 2)/ SIGNAL LIGHTS (RATES 2)</p> <p>CUSTOMER CHARGES: \$3.75</p> <p>ALL KWH .05000 PER KWH (SAME AS CITY GOVERNMENT RATE)</p>																					
<p>GS1 - GENERAL SERVICE CUSTOMER CHARGE (RATE 18) \$ 3.77</p> <p>ENERGY CHARGE: 0-500 KWH .06810 501-2000 KWH .05740 OVER 2000 KWH .05290</p> <p>MINIMUM BILL: EQUALS CUSTOMER CHARGE</p>	<p>G1-GRATIS (IN-HOUSE)</p> <p>RATE 3) NO DEMAND (RATE 17) WITH DEMAND</p> <p>ALL KWH .05000 PER KWH ALL KW 0</p>																					
<p>LP - LARGE POWER (RATE 20) \$ 4.13 ALL KW</p> <p>ENERGY CHARGE: 0-500,000 KWH .03440 500,001-2,000,000 KWH .03190 OVER 2,000,000 KWH .03070</p> <p>POWER FACTOR CLAUSE APPLIES</p> <p>MINIMUM BILL: \$ 4.13 x 25% OF THE HIGHEST KW IN THE PRECEDING 11 MONTHS BUT NOT LESS THAN 2 KW</p> <p>*INCLUDES TEMPORARY SUPPLEMENTAL MERGER CREDIT</p>	<p>FUEL ADJUSTMENT - ALL RATES WILL INCLUDE A PROVISION FOR FUEL ADJUSTMENT AT A MONTHLY RATE PER KWH'S DETERMINED FROM KU'S BILLING.</p> <table border="1"> <thead> <tr> <th>WATER RATES</th> <th>CITY W1</th> <th>COUNTY W2</th> </tr> </thead> <tbody> <tr> <td>MIN. 2,000 GAL.</td> <td>\$7.02 PER MONTH</td> <td>\$10.18 PER MONTH</td> </tr> <tr> <td>NEXT 3,000 GAL.</td> <td>\$3.61 PER 1,000 GAL.</td> <td>\$5.09 PER 1,000 GAL.</td> </tr> <tr> <td>NEXT 20,000 GAL.</td> <td>\$2.88 PER 1,000 GAL.</td> <td>\$2.88 PER 1,000 GAL.</td> </tr> <tr> <td>NEXT 175,000 GAL.</td> <td>\$2.37 PER 1,000 GAL.</td> <td>\$2.37 PER 1,000 GAL.</td> </tr> <tr> <td>NEXT 800,000 GAL.</td> <td>\$1.79 PER 1,000 GAL.</td> <td>\$1.79 PER 1,000 GAL.</td> </tr> <tr> <td>OVER 1,000,000 GAL.</td> <td>\$1.41 PER 1,000 GAL.</td> <td>\$1.41 PER 1,000 GAL.</td> </tr> </tbody> </table>	WATER RATES	CITY W1	COUNTY W2	MIN. 2,000 GAL.	\$7.02 PER MONTH	\$10.18 PER MONTH	NEXT 3,000 GAL.	\$3.61 PER 1,000 GAL.	\$5.09 PER 1,000 GAL.	NEXT 20,000 GAL.	\$2.88 PER 1,000 GAL.	\$2.88 PER 1,000 GAL.	NEXT 175,000 GAL.	\$2.37 PER 1,000 GAL.	\$2.37 PER 1,000 GAL.	NEXT 800,000 GAL.	\$1.79 PER 1,000 GAL.	\$1.79 PER 1,000 GAL.	OVER 1,000,000 GAL.	\$1.41 PER 1,000 GAL.	\$1.41 PER 1,000 GAL.
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<p>HLF-HIGH LOAD FACTOR LARGE POWER (RATE 21)</p> <p>ALL KW \$ 5.18 ALL KWH .02830</p> <p>POWER FACTOR CLAUSE APPLIES</p> <p>MINIMUM BILL: \$ 5.18 x 25% OF THE HIGHEST KW IN THE PRECEDING 11 MONTHS BUT NOT LESS THAN 2 KW</p> <p>*INCLUDES TEMPORARY SUPPLEMENTAL MERGER CREDIT</p>	<p>SEWER RATES EFFECTIVE 1/1/03</p> <p>RESIDENTIAL \$ 3.82 PER 1,000 GAL. COMMERCIAL \$ 3.82 PER 1,000 GAL. INDUSTRIAL \$ 4.02 PER 1,000 GAL.</p>																					
<p>M1 - LOCAL GOVERNMENT/SCHOOL (RATE 2)/ M1-CITY GOVERNMENT (RATE 19)</p> <p>ALL KWH \$ 3.75 .05000 PER KWH</p> <p>MINIMUM BILL: EQUALS CUSTOMER CHARGE</p>	<p>FIRE SERVICE</p> <p>ALL FIRE HYDRANTS \$ 8.90 PER HYDRANT</p> <p>LINE SIZE</p> <p>2" LINE \$ 4.45 PER MONTH 3" LINE \$ 8.90 PER MONTH 4" LINE \$16.65 PER MONTH 6" LINE \$33.30 PER MONTH 8" LINE \$44.40 PER MONTH 10" LINE \$55.50 PER MONTH</p>																					
<p>S1 - SECURITY LIGHTS (RATE 1)</p> <p>175 WATT (MERCURY VAPOR) \$ 6.90 PER MONTH 400 WATT (MERCURY VAPOR) \$ 8.90 PER MONTH 250 WATT (HIGH PRESSURE SODIUM) \$ 8.00 PER MONTH 100 WATT (HIGH PRESSURE SODIUM) \$ 8.75 PER MONTH 175 WATT (METAL HALIDE) \$ 6.90 PER MONTH</p>	<p>FIRE HYDRANT SALES \$ 3.33</p> <p>WHOLESALE WATER \$ 1.418 (Effective 4/21/02)</p> <p>WATER SALES & WATER LOADING STATIONS \$ 2.89</p> <p>GRATIS (WATER) \$.51</p> <p>GEORGETOWN WATER (Effective 4/21/02)</p> <p>0 - 15,000,000 \$ 1.474 OVER 15,000,000 \$ 1.296</p>																					

Chenoweth Law Office

121 Bridge Street
"CORNER OF BRIDGE AND SECOND"
Frankfort, Kentucky 40601

Robert L. Chenoweth
John C. Fogle, III

(502) 223-1121
Fax (502) 223-2774

June 17, 2004

Ray Edelman, Esquire
150 South Main Street
Lawrenceburg, Kentucky 40342

RE: South Anderson Water Purchase Contract
Our File No. 2301

Dear Mr. Edelman:

Enclosed you will find a photocopy of the fully executed Water Purchase Contract for the above-referenced matter. Also enclosed you will find a photocopy of Ordinance 2004-14, amending the rates and charges relating to water service provided to water districts under contract by the City of Lawrenceburg. This Ordinance is to be published in *The Anderson News* on June 23, 2004, and with such publication become effective. These have been forwarded to the Public Service Commission per their Order of June 2, 2004.

If you have any questions regarding the enclosures, please do contact this office.

Sincerely,



Jane D. Miller
Paralegal/Secretary

JDM/
Enclosures

COPY**WATER PURCHASE CONTRACT**

This contract for the sale and purchase of water is entered into as of the 14th day of June, 2004, between the City of Lawrenceburg, 205 East Woodford Street, Lawrenceburg, Kentucky 40342, hereinafter referred to as the "Seller," and the South Anderson Water District, P.O. Box 16, Lawrenceburg, Kentucky 40342, hereinafter referred to as the "Purchaser,"

W I T N E S S E T H

Whereas, the Purchaser is organized and established under the provisions of KRS 74 of the Code of Kentucky Revised Statutes, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water, and

Whereas, by Resolution No. 2004-04 enacted on the 12th day of April, 2004, by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said Resolution was approved, and the execution of this contract carrying out the said Resolution by the City of Lawrenceburg, and attested by the Secretary, was duly authorized, and

Whereas, by Resolution of the Board of Commissioners of the Purchaser, enacted on the 20th day of May, 2004, the purchase of water from the Seller in accordance with the terms set forth in the said Resolution was approved, and the execution of this contract by the South Anderson Water District, and attested by the Secretary was duly authorized;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. THE SELLER AGREES:**1. (Quality and Quantity)**

To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Kentucky Health Department, the Anderson County Board of Health, and the Kentucky Division of Water in such quantity as may be required by the Purchaser but not less than 8 million gallons per month.

2. (Point of Delivery and Pressure)

That water will be furnished at a reasonably constant pressure from the Seller's water distribution system at master meter locations. In the event that the Seller fails to furnish potable treated water as defined above and the Purchaser is required to incur costs for mailing required "notices" to its customers, then the Seller will reimburse the Purchaser for its costs incurred within thirty (30) days of receipt of a billing statement from the Purchaser. If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe, shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Billing Procedure)

To furnish the Purchaser at the above address on or about the same day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. THE PURCHASER AGREES:

1. (Rates and Payment Date)¹

To pay the Seller, not later than the 28th day of each month following the billing date of each month, for water delivered in accordance with the following schedule of rates:

a. \$2.08 per 1,000 gallons for the first 8 million gallons, which amount shall also be the minimum rate per month.

b. \$1.94 per 1,000 gallons for water in excess of 8 million gallons.

2. (Metering Equipment)

To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate.

The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the twelve (12) months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on or about the same day each month. An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings.

C. IT IS FURTHER MUTUALLY AGREED BETWEEN THE SELLER AND THE PURCHASER AS FOLLOWS:

1. (Term of Contract)

That this contract shall extend for a term of forty-five (45) years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

¹ By amendment to Section 51 of the Code of Ordinances of the City of Lawrenceburg "water districts shall pay a rate of \$2.08 per 1,000 gallons for the first 8 million gallons and \$1.94 per 1,000 gallons for all gallons in excess of 8 million gallons." This ordinance and rates shall be subject to change at the end of every two year period beginning January 2006 based on the results of a Cost of Service Study, and any such change shall apply equally to any and all such water districts as served by the City of Lawrenceburg.

2. (Delivery of Water)

That thirty (30) days prior to the estimated date of completion of any new construction of the Purchaser's water supply distribution, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing)

When requested by the Purchaser, the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge of \$2.08 per 1,000 gallons which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver)

That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract)

That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every two (2) year period. Any increase or decrease in rates shall be based on a demonstrable² increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. It is anticipated that the first Cost of Service Study will be completed in 2005 based on data from the most current complete fiscal year. Therefore, the first possible rate adjustment will not occur until January 2006. Other provisions of this contract may be modified or altered by mutual agreement.

6. (Regulatory Agencies)

That this contract is subject to such rules, regulations, or law as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous)

That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through Rural Development of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of Rural Development.

8. (Successor to the Purchaser)

That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

² A Cost of Service Study constitutes a demonstrable methodology to validate an increase or decrease in rates.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in duplicate counterparts, each of which shall constitute an original.

SELLER:

CITY OF LAWRENCEBURG

By: *Bobby Sparrow*
Title: Bobby Sparrow, Mayor

Attest:

Adrianna Baker
Secretary

PURCHASER:

SOUTH ANDERSON WATER DISTRICT

By: *Bob Kincer*
Title: Bob Kincer, Chairman

Attest:

Benny Kincer
Secretary

Exhibit 2
Monthly Water Purchases

Month	Lawrenceburg	Frankfort	Total
June	9,682,900	1,527,500	11,210,400
July	12,861,400	1,371,300	14,232,700
August	13,717,900	1,728,800	15,446,700
September	11,773,400	1,784,100	13,557,500
October	11,477,500	1,289,500	12,767,000
November	10,058,500	1,308,800	11,367,300
December	12,834,000	1,308,900	14,142,900
January	12,575,500	1,478,000	14,053,500
February	16,455,600	1,346,900	17,802,500
March	9,659,000	1,567,600	11,226,600
April	10,867,000	1,993,200	12,860,200
May	9,136,000	2,201,400	11,337,400
Total	141,098,700	18,906,000	160,004,700

Cost of Lawrenceburg Water at New Rate:

$$(8,000,000 \times 12 \times \$2.08/1,000) + (141,098,700 - 96,000,000) \$1.94/1,000 = \$287,171.47$$

Cost of Frankfort Plant Board Water at New Rate:

$$18,906,000 \times \$1,418/1,000 = \$26,808.71$$

Combined Cost:

$$\$287,171.47 + \$26,808.71 = \$313,980.17$$

Cost of Water At Old Rate:

$$160,004,707 \times \$1.17/1,000 = \$187,205.49$$

$$\text{Difference in Cost: } \$313,980.17 - \$187,205.49 = \$126,774.68$$

FOR ANDERSON COUNTY, KENTUCKY
Community, Town or City

P.S.C. KY. NO. 6 - 4th REVISION

SHEET NO. 25

SOUTH ANDERSON WATER DISTRICT
(Name of Utility)

CANCELLING P.S.C. KY. NO. 5

ORIGINAL SHEET NO. 25

RULES AND REGULATIONS

The following rates and charges are prescribed for the customers in the area served by South Anderson Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

First	2,000 gallons	\$14.66 Minimum Bill
Next	1,000 gallons	7.18 per 1,000 gallons
Next	2,000 gallons	6.23 per 1,000 gallons
Next	2,000 gallons	5.33 per 1,000 gallons
Next	3,000 gallons	4.38 per 1,000 gallons
All over	10,000 gallons	4.08 per 1,000 gallons

DATE OF ISSUE August 1, 2004
Month / Date / Year

DATE EFFECTIVE August 1, 2004
Month / Date / Year

ISSUED BY Bob Kincer
Bob Kincer (Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____